

Message Text

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11

ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 EB-07 INR-07 LAB-04 NSAE-00

PA-02 SIL-01 USIA-15 PRS-01 /048 W

----- 026598

P R 130416Z JUN 75

FM AMEMBASSY JAKARTA

TO USDOC WASHDC PRIORITY

INFO SECSTATE WASHDC 8666

AMEMBASSY SINGAPORE

AMCONSUL MEDAN

AMCONSUL SURABAYA

UNCLAS SECTION 1 OF 2 JAKARTA 7130

COMMERCE FOR BIC/OIM/FE/EMD - SINGAPORE FOR LEONARD

E.O. 11652: N.A.

TAGS: BEXP, BBSR, ID

SUBJ: PROPOSED FY 1976 EVENT SCHEDULE

REF: (A) STATE 126653; (B) USDOC 2997; (C) STATE 52245;
(D) JAKARTA 1582; (E) STATE 136933; (F) JAKARTA A-77,
MAY 10, 1974; (G) JAKARTA 4803

1. SUMMARY

EMBASSY CONCURS ENERGY AND FLUID TRANSFER SYSTEMS
EXHIBITION THEME APPEARS VIABLE FOR INDONESIA. RESULTS
OF POST'S SURVEY OF LOCAL INTEREST IN EXHIBITION WERE
VERY ENCOURAGING. THESE FINDINGS ARE OUTLINED BELOW.
EMBASSY BELIEVES DECISION TO PROCEED WITH EXHIBITION
SHOULD BE WITHHELD UNTIL RESULTS OF TWO COMPREHENSIVE
MARKET STUDIES HAVE BEEN ANALYZED BY POST AND DEPARTMENT
OF COMMERCE. POST WISHES EMPHASIZE, HOWEVER, IT REMAINS
OPTIMISTIC THAT SURVEY RESULTS WILL BE POSITIVE.
IF DECISION TO HOLD EXHIBITION IS REACHED, POST WILL BE
PLEASED TO PROVIDE RESOURCE SUPPORT NEEDED BUT ONLY IF
COMMERCE WILL ASSIGN TWO FULL-TIME PERSONNEL TO EXHIBITION AS
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RECOMMENDED BY USRTC DIRECTOR FOLLOWING USAQUIP '74

PLUS SUPPORT FROM U.S. REGIONAL TRADE CENTER IN SINGAPORE.

END SUMMARY.

II. RESULTS OF EMBASSY'S SURVEY OF LOCAL INTEREST IN ENERGY SYSTEMS EXHIBITION:

(A) EMBASSY WOULD GLADLY HAVE PROVIDED COMMERCE WITH FOLLOWING SUMMARY OF ITS SURVEY FINDINGS EARLIER IT HAD KNOWN COMMERCE STILL WANTED TO RECEIVE IT. REFTELS B AND C CONVEYED IMPRESSION COMMERCE HAD DECIDED TO PROCEED WITH ENERGY SYSTEMS EXHIBITION, NOTWITHSTANDING REF D. POST CONCLUDED COMMERCE NO LONGER NEEDED POST ANALYSIS SINCE COMPREHENSIVE MARKET STUDY WAS TO BE CONDUCTED BY PRIVATE RESEARCH ORGANIZATION.

(B) SURVEY QUESTIONNAIRE: POST DEVISED SURVEY QUESTIONNAIRE, COPY OF WHICH WAS SENT COMMERCE MARCH 18, AND MAILED IT TO CAREFULLY SELECTED LIST OF 63 INDIVIDUALS CONSIDERED REPRESENTATIVE CROSS-SECTION LEADING IMPORTERS, AGENTS, DISTRIBUTORS, PROSPECTIVE BUYERS AND DECISION MAKERS IN FIELD OF ENERGY SYSTEMS. THIRTY-ONE RECIPIENTS COMPLETED AND RETURNED QUESTIONNAIRE. TWENTY-EIGHT INDICATED THEY WOULD ASSIGN MANAGEMENT PERSONNEL TO ATTEND PROPOSED EXHIBITION. RESPONDENTS REPORTED FOLLOWING KINDS OFFICERS FROM THEIR ORGANIZATIONS WOULD ATTEND: PRODUCTION DIRECTORS, CHIEFS OF TECHNICAL DEPARTMENTS, DIVISION HEADS, GENERAL MANAGERS, VICE PRESIDENTS OF OPERATIONS, PRODUCTION AND MAINTENANCE SUPERVISORS, VICE PRESIDENTS, PRESIDENT DIRECTORS -- IN SHORT, THE PEOPLE WHO MAKE PURCHASE DECISIONS.

(C) TECHNICAL SEMINAR: SEVENTEEN RESPONDENTS EXPRESSED HOPE THERE WOULD BE TECHNICAL SEMINAR IN CONJUNCTION WITH EXHIBITION. SEMINAR SUBJECTS OF INTEREST ARE FOLLOWING: (A) ELECTRIFICATION OF HOUSING AREAS, (B) WATER PUMPS FOR RURAL AREAS, (C) GAS TURBINES, (D) NUCLEAR POWER, (E) SOLAR ENERGY APPLICATIONS, UNCLASSIFIED

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(F) WAYS TO SAVE ON ENERGY COSTS, (G) GENERATORS AND DIESEL ENGINES, (H) ENERGY SYSTEMS FOR OIL FIELD OPERATIONS; (I) HYDRAULICS, (J) DIESEL ELECTRIC SETS AS PRIME AND STANDBY POWER, (K) DEVELOPMENT OF AN ELECTRIC POWER TRANSMISSION AND DISTRIBUTION SYSTEM, (L) STEAM AND GAS TURBINE POWER GENERATION, (M) POSITION OF COAL AS A SOURCE OF ENERGY, (N) GAS, KEROSENE AND DIESEL

GENERATING SETS.

(D) RESPONSES TO OTHER IMPORTANT SURVEY QUESTIONS:

ARE AMERICAN-MADE ENERGY SYSTEMS COMPETITIVE IN INDONESIA? THERE WERE 30 RESPONSES TO THIS QUESTION. TWENTY ANSWERED YES, SEVEN NO. SEVERAL RESPONDENTS WERE CRITICAL OF HIGH PRICE AND SLOW DELIVERY TIME ASSOCIATED WITH U.S. PRODUCTS. FROM WHICH COUNTRIES DOES YOUR ORGANIZATION BUY ITS ENERGY SYSTEMS MACHINERY AND EQUIPMENT? THERE WERE 26 RESPONSES. SIX LISTED U.S. AS SOLE SOURCE OF THEIR EQUIPMENT PURCHASES. TWENTY-ONE LISTED U.S. TOGETHER WITH OTHER COUNTRIES, MOSTLY EUROPEAN, PLUS JAPAN AS SOURCES. WHICH COUNTRIES PROVIDE GREATEST COMPETITION FOR U.S. SUPPLIERS? THERE WERE 28 RESPONSES. JAPAN, GERMANY AND U.K. IN THAT ORDER WERE LISTED AS MOST FORMIDABLE U.S. COMPETITORS. SHOULD FINANCING OF U.S. EQUIPMENT BE ONE OF SEMINAR TOPICS? TWENTY-FIVE PEOPLE ANSWERED QUESTION. SIXTEEN ANSWERED YES, SEVEN NO. TWO DIDN'T ANSWER IT. WHAT FACTORS ARE OF GREATEST IMPORTANCE TO YOUR ORGANIZATION WHEN ITS PURCHASES ENERGY SYSTEMS? RESPONDENTS LISTED PRICE, FINANCING, DELIVERY TIME, BRAND-NAME AND AFTER SALES SERVICE IN THAT ORDER OF IMPORTANCE. HOW MIGHT U.S. SUPPLIERS IMPROVE THEIR MARKETING PROGRAMS IN INDONESIA? IMPROVE AVAILABILITY OF SPARE PARTS. ADVERTISE MORE AND VISIT INDONESIA MORE. SHORTEN DELIVERY TIME. MAKE PRICES MORE COMPETITIVE.

(E) PRODUCTS FOR WHICH GREATEST INTEREST WAS DEMONSTRATED: REVIEW OF QUESTIONNAIRE SUBMITTED
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BY SURVEY RESPONDENTS REVEALED HIGH DEGREE OF INTEREST IN VIRTUALLY ALL OF 53 PRODUCTS LISTED. FOLLOWING PRODUCTS, HOWEVER, WERE LISTED OR GREATEST INTEREST TO RECONDENTS: (IN PRIORITY ORDER)
A) CENTRIFUGAL PUMPS FOR LIQUIDS, SINGLE STAGE, SINGLE SUCTION, CLOSE COUPLED, UNDER 2-INCH DISCHARGE OUTLET.

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ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 EB-07 INR-07 LAB-04 NSAE-00

PA-02 SIL-01 USIA-15 PRS-01 /048 W

----- 026607

P R 130416Z JUN 75

FM AMEMBASSY JAKARTA

TO USDOC WASHDC PRIORITY

INFO SECSTATE WASHDC 8667

AMEMBASSY SINGAPORE

AMCONSUL MEDAN

AMCONSUL SURABAYA

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B) CENTRIFUGAL PUMPS FOR LIQUIDS, SINGLE STAGE,
SINGLE SUCTION, FRAME MOUNTED

C) PORTABLE AIR COMPRESSORS

D) GENERATORS, ALTERNATING CURRENT, OVER 150 KW

E) POWER DISTRIBUTION CUTOUTS

F) VALVES, NON-AUTOMATIC, TAPS, COCKS AND SIMILAR
FITTINGS OF IRON OR STEEL

G) GENERATORS, ALTERNATING CURRENT, NOT OVER
150 KW

H) GENERATOR SETS, DIESEL DRIVEN, ALTERNATING
CURRENT, OVER 50 BUT NOT OVER 250 KW

I) SWITCHGEAR ASSEMBLIES FOR OVER 750 V

J) DISCONNECT SWITCHES, OVER 750 V

K) INSULATED POWER WIRE AND CABLE, 601 V AND OVER

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L) CENTRIFUGAL PUMPS FOR LIQUIDS, MULTI-STAGE,
SINGLE OR DOUBLE SUCTION.

M) FLEXIBLE COUPLINGS, EXCEPT HYDRAULIC

N) POWER TRANSFORMERS, OVER 500 NOT OVER 10,000 KVA

O) NON-ROTATING RECTIFIERS AND PARTS

P) POWER CIRCUIT BREAKERS, EXCEPT MOLDED CASE-TYPE,
FOR OVER 750 V

Q) INSULATED POWER WIRE AND CABLE UNDER 601 V

R) HYDRAULIC FLUID POWER PUMPS

S) RECIPROCATING PUMPS FOR LIQUIDS, OTHER THAN OIL
WELL AND OIL FIELD PUMPS

T) CENTRIFUGAL PUMPS FOR LIQUIDS, SINGLE STAGE,
DOUBLE SUCTION

U) OIL WELL AND OIL FIELD PUMPS FOR LIQUIDS

V) VALVES, NON-AUTOMATIC, TAPS, COCKS, AND SIMILAR
FITTINGS OF NON-FERROUS METAL

W) GENERATOR SETS, DIESEL DRIVEN, ALTERNATING
CURRENT, NOT OVER 50 KW

X) CURRENT LIMITING REACTORS AND REGULATORS

III. ENERGY AND FLUID TRANSFER SYSTEMS THEME

(A) WITHOUT BENEFIT OF COMPLETED COMPREHENSIVE MARKET
STUDIES OF SALES POTENTIAL IN INDONESIA FOR (A)
ENERGY SYSTEMS AND (B) PUMPS, VALVES AND COMPRESSORS,
PROPOSED EXHIBITION THEME APPEARS VIABLE ONE IN WHICH
THERE IS CONSIDERABLE LOCAL INTEREST COMBINED
WITH PREFERENCE FOR U.S.-MADE MACHINERY AND
TECHNOLOGY. IN DEVELOPING INDONESIAN ECONOMY,
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THERE IS AND WILL CONTINUE TO BE GROWING DEMAND
FOR CAPITAL GOODS OF VARIOUS KINDS INCLUDING
THOSE ENCOMPASSED BY PROPOSED EXHIBITION THEME.
IN RECENT YEARS, TOTAL IMPORTS OF ENERGY SYSTEMS
AND PUMPS, VALVES AND COMPRESSORS HAVE RISEN
SUBSTANTIALLY. U.S. EXPORTS TO INDONESIA OF
ELECTRIC POWER MACHINERY AND PUMPS, VALVES AND
COMPRESSORS ALONE AMOUNTED TO MORE THAN \$100
MILLION DURING PERIOD 1970-1974, AND EMBASSY

EXPECTS THIS TREND TO CONTINUE IN FORESEEABLE FUTURE.

(B) ALTHOUGH EMBASSY FOUND RESULTS OF ITS MARKET STUDY VERY ENCOURAGING, IT IS RECOMMENDED FINAL DECISION TO HOLD PROPOSED EXHIBITION BE WITHHELD UNTIL RESULTS OF ABOVE-MENTIONED COMPREHENSIVE MARKET STUDIES HAVE BEEN ANALYZED. POST FULLY EXPECTS IN-DEPTH SURVEY WILL SUPPORT FINDINGS OF POST'S SURVEY.

(C) WHILE EMBASSY IS OPTIMISTIC REGARDING EXPORT PROMOTION IMPACT OF PROPOSED EXHIBITION, IT WISHES EMPHASIZE IT WILL APPROVE EVENT ONLY IF DEPARTMENT OF COMMERCE WILL PROVIDE MINIMUM OF TWO FULL-TIME OFFICERS TO MANAGE EXHIBITION AS RECOMMENDED BY USRTC DIRECTOR FOLLOWING USAQUIP "74 PLUS USUAL SUPPORT FROM U.S. REGIONAL TRADE CENTER IN SINGAPORE. ONE OFFICER WILL BE NEEDED TO MANAGE THE OVERALL EXHIBITION INCLUDING CONSTRUCTION AND MARKET PROMOTION. ANOTHER OFFICER WILL BE NEEDED FULL-TIME TO DEAL WITH CUSTOMS CLEARANCE AND MOVEMENT OF EXHIBIT MERCHANDISE TO EXHIBIT SITE. EMBASSY'S A-77 DATED MAY 10, 1974 PROVIDES REASONS WHY TWO OFFICERS ARE REQUIRED FULL-TIME.

(D) POST EXPENDED CONSIDERABLE TIME WORKING UNDERTIGHT DEADLINES TO REVIEW ENERGY SYSTEMS MARKET RESEARCH INSTRUCTION AND SPECIFICATIONS, SCHEDULE MEETING OF PROSPECTIVE BIDDERS AND THEN REVIEW AND FORWARD TO OIM BID PROPOSALS RECEIVED, ONLY TO LEARN LATER CONTRACT FOR STUDY WAS AWARDED TO NON-INDONESIAN FIRM, MOBIUS OF HONG-KONG. IN EMBASSY'S VIEW, UNCLASSIFIED

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THIS WAS AN UNFORTUNATE DECISION, NOT ONLY BECAUSE MARK MOBIUS AS AN OUTSIDER IS LIKELY TO ENCOUNTER DIFFICULTY IN DEVELOPING DATA HE REQUIRES FROM GOI, AS POST REPORTED TO OIM MARKET RESEARCH DIVISION IN REFTEL G, BUT ALSO BECAUSE DECISION APPEARS TO HAVE DISCOURAGED SOME VERY CAPABLE LOCAL MARKET RESEARCH FIRMS, INCLUDING FIRM WHOSE PRESIDENT IS ALSO PRESIDENT OF INDONESIAN CONSULTANTS ASSOCIATION, FROM SUBMITTING BIDS ON OTHER CONTRACT MARKET STUDIES, NAMELY, PUMPS, VALVES AND COMPRESSORS AND COMMUNICATIONS SYSTEMS AND EQUIPMENT. THESE COMPANIES WERE DISAPPOINTED TO LEARN COMMERCE HAD AWARDED RESEARCH CONTRACT TO NON-INDONESIAN FIRM. THEY WERE ALSO SURPRISED TO LEARN OF LOW PAYMENT TO BE MADE MOBIUS FOR CONDUCTING SURVEY HERE. THEY FOUND IT ALMOST INCREDIBLE THAT COMPANY WOULD AGREE

TO CONDUCT SUCH COMPREHENSIVE STUDY FOR SUCH LOW PAYMENT. THEY SAID MOBIUS COULDN'T POSSIBLY MAKE PROFIT FROM STUDY. THEY STATED FURTHER THAT, IN INDONESIA, DATA OF QUALITY COMMERCE REQUIRES IS VERY DIFFICULT TO OBTAIN FROM GOI AGENCIES AND MUCH MORE TIME AND HARD WORK IS REQUIRED TO OBTAIN ACCURATE DATA HERE THAN IN MANY OTHER COUNTRIES.

IV. STATUS OF MARKET STUDIES: POST WOULD APPRECIATE KNOWING WHEN MOBIUS WILL BEGIN ENERGY SYSTEMS STUDY IN INDONESIA. COMPLETED SURVEY QUESTIONNAIRES WILL BE PROVIDED HIM UPON HIS ARRIVAL. POST SIGNED CONTRACT WITH P.T. INDONESIA RESEARCH AND DEVELOPMENT CO. FOR PUMPS, VALVES AND COMPRESSORS MARKET STUDY JUNE 11 AND STUDY IS UNDERWAY. WILL FORWARD COPIES OF CONTRACT JUNE 13. IN ADDITION, POST HAS OBTAINED BID PROPOSALS FOR COMMUNICATIONS SYSTEMS AND EQUIPMENT MARKET STUDY FROM TWO FIRMS AND THESE PROPOSALS WILL ALSO BE SENT JUNE 13 TOGETHER WITH TELEGRAPHIC SUMMARY.
NEWSOM

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